

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA

UNITED STATES OF AMERICA :
:
v. :
GREGORY VINCE RACHAL : 1:22CR337-1
WILLIAM THOMAS CAPPS : 1:22CR337-2

FACTUAL BASIS FOR A GUILTY PLEA

NOW COMES the United States of America, by and through Sandra J. Hairston, United States Attorney for the Middle District of North Carolina, and as a factual basis under Rule 11 of the Federal Rules of Criminal Procedure, states as follows:

Initiation of Investigation

Beginning in June of 2020, Special Agent (SA) Newsome of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) Greensboro Field Office was contacted by the Guilford County Sheriff's Office (GCSO) regarding a large quantity of firearms that were being acquired by Gregory Vince RACHAL ("RACHAL") at AP Arms, a Federal Firearms Licensee ("FFL") located at 2823-J Spring Garden St., Greensboro, North Carolina. This information was

derived from multiple sale reports¹ that had been completed by AP Arms and forwarded to the GCSO and ATF following transactions with RACHAL. A review of these records revealed that between April 2020 and August 2020, RACHAL acquired at least 46 handguns from AP Arms during multiple sale transactions.

Further inspection of the multiple sale reports revealed that RACHAL had purchased many firearms of the same manufacturer, model, and caliber during this time frame. On multiple occasions, RACHAL acquired identical firearms during the same transaction.

After reviewing the multiple sale reports, SA Newsome queried records of the ATF National Tracing Center to see if any of the firearms acquired by RACHAL had been seized and traced by law enforcement agencies. At the time SA Newsome conducted the query, no firearms associated with RACHAL were located.

First Interview with Gregory Rachal

On September 2, 2020, GCSO Detective Jarrell and SA Newsome attempted a voluntary interview with RACHAL to gather additional

¹ ATF Form 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers, is required to be completed by Federal Firearms Licensees to report all transactions in which an unlicensed person acquired any combination of two or more pistols or revolvers during a five consecutive business day period

information about the large number of firearms he had acquired. RACHAL agreed to be interviewed and invited SA Newsome to his place of business, POPS Electric, LLC, a local electrical company located at 111 Pomona Dr., Suite A in Greensboro. The business website identifies RACHAL as the company president.

Upon arrival, Rachal greeted Detective Jarrell and SA Newsome and invited them into his office. SA Newsome explained to RACHAL that they had identified a large number of firearms that Rachal recently acquired from AP Arms. RACHAL immediately began asking about the requirement to obtain an FFL in order to sell firearms. SA Newsome explained to RACHAL that in order to engage in the business of dealing firearms, he would be required to obtain his FFL. SA Newsome also informed RACHAL that by failing to obtain his FFL, he would be in violation of 18 U.S.C. § 922(a)(1)(a).

RACHAL continued to ask additional questions regarding “private party” transactions and selling firearms from his “private collection.” Based on this conversation, SA Newsome suspected that RACHAL had previously made some attempt to determine whether or not he was required to obtain a FFL in order to sell firearms. SA Newsome explained to RACHAL that if he was purchasing firearms with the intention of re-selling them for profit, then he was engaging in the business of dealing firearms and needed to obtain an

FFL. RACHAL stated that he had previously obtained an FFL application packet but did not fill it out because he was unsure if he was required to have one or not.

As the interview progressed, RACHAL admitted that many of the firearms he had acquired had been sold to other individuals. RACHAL acknowledged that prices of firearms had skyrocketed during the Covid-19 pandemic and stated that it was a good time to be in the “gun business.” SA Newsome told RACHAL that he was in violation of federal law, and that he needed to obtain his FFL before continuing to sell firearms. RACHAL acknowledged that he understood and said he would no longer sell firearms.

After conducting this interview with RACHAL, SA Newsome continued to query records of the ATF National Tracing Center for additional multiple sale reports. He located three additional reports from AP Arms detailing transactions which occurred *after* the interview on September 2, 2020, summarized above. These reports revealed that RACHAL acquired three firearms on September 3, 2020, the day immediately after Rachal and SA Newsome’s conversation, four firearms on September 8, 2020, and one firearm on September 11, 2020.

SA Newsome also continued to query records of the ATF National Tracing Center for any firearms that had been seized and traced by law

enforcement which were originally purchased by RACHAL. Beginning in November 2020, SA Newsome began to receive notification of multiple recoveries of RACHAL's firearms. While the majority of these recoveries occurred in North Carolina, there were also recoveries in other states, including seven firearms recovered in Pennsylvania, one recovered in Virginia, and one recovered in Florida. In total, twenty-seven of RACHAL's firearms were recovered and traced by law enforcement as reflected by the records in the ATF National Tracing Center.

Transition to Privately-Made Firearms (“Ghost Guns”)

On January 22, 2021, officers with the Greensboro Police Department (“GPD”) contacted SA Newsome and identified a confidential human source (“CHS”), hereinafter referred to as CHS-1, who wished to provide information on RACHAL. CHS-1 met with ATF on January 25, 2022. During the meeting, CHS-1 identified a photograph of RACHAL as the individual known to him as “Pops.” CHS-1 met RACHAL through business dealings at POPS Electric. CHS-1 stated that RACHAL also had a tactical supply store located in the suite directly beside POPS Electric. CHS-1 advised that RACHAL sold ammunition,

tactical gear, and firearm parts from the tactical supply store. CHS-1 frequently purchased ammunition from RACHAL at this location.

CHS-1 also said that sometime around November 2020, RACHAL informed CHS-1 that he had an offsite location where he was manufacturing privately-made firearms (“PMF”), commonly referred to as “ghost guns.” CHS-1 had seen these PMF kits in RACHAL’s store in the past but had never seen a completed firearm for sale. RACHAL offered to sell CHS-1 a PMF; however, CHS-1 declined to purchase the PMF for fear of getting into trouble.

Following this interview, SA Newsome drove by 111 Pomona Dr. in Greensboro to confirm that RACHAL had opened a tactical supply store next to his electrical supply business. Just as the CHA-1 said, there was a new sign above Suite B which read, “POPS Tactical Supply, LLC.” This sign was not displayed during the initial interview with RACHAL on September 2, 2020.

After seeing the sign, SA Newsome then confirmed that there were no licenses associated with RACHAL or POPS Tactical Supply, LLC which would allow him to manufacture, deal, or import firearms.

ATF Philadelphia Group VII Investigation

In August 2021, SA Wise of the ATF Philadelphia Group VII Field Office contacted SA Newsome. SA Wise advised that they had identified a possible connection between RACHAL and the recovery of his firearms in

Pennsylvania. Specifically, SA Wise advised that Philadelphia Group VII agents had obtained a search warrant related to the iCloud account of a suspected firearms trafficker from Philadelphia. During a review of these records, agents had located photographs of several firearms. Metadata associated with these images indicated that the files were created on or about August 21, 2021, in Greensboro. RACHAL had acquired many of these same firearms during a multiple sale at AP Arms the day before, on August 20, 2021.

SA Wise also obtained the firearms trafficker's call detail records. A review of these records revealed that the trafficker had previously been in communication with two cellular telephone numbers from the Greensboro area. SA Wise had queried the numbers through law enforcement intelligence databases for names of individuals that had been previously associated with the numbers. One of those individuals will hereinafter be referred to as "CHS-2."

By reviewing trace report data, SA Newsome was able to confirm that one of RACHAL's firearms, a Bond Arms .45/410 caliber derringer, was previously seized from CHS-2 on January 8, 2021. SA Newsome then also confirmed that a PMF was seized from CHS-2 by the GPD on February 7, 2021. A criminal history inquiry revealed that on September 10, 2021, CHS-2 ultimately pled guilty in state court to Possession of a Firearm by a Convicted

Felon in relation to these two offenses and received a 12-24 month suspended sentence.

Analysis of Call Detail Records

On September 3, 2021, SA Newsome served Verizon Wireless with a federal grand jury subpoena for call detail records without cell site information related to two mobile telephone numbers believed to be maintained by RACHAL, 336-215-9318 and 336-345-0863. The subscriber information provided by Verizon Wireless confirmed that both numbers were owned by RACHAL under his business name. The records were provided to ATF Intelligence Research Specialist (IRS) Stacy Foster for analysis. IRS Foster examined the call records for evidence of communication between RACHAL and CHS-2. IRS Foster identified over 75 contacts between RACHAL and CHS-2 from September 2020 through June 2021.²

On September 21, 2021, SA Newsome met with CHS-2, at which time CHS-2 identified a photograph of RACHAL as the person known to him as “Pops.” CHS-2 explained that he met RACHAL in 2020 when RACHAL’s company was hired to perform electrical repairs. While dealing with RACHAL during these repairs, CHS-2 learned that RACHAL also sold firearms at his

² Call Detail Records provided by Verizon Wireless only dated back to September 2020.

business. RACHAL offered to sell firearms to CHS-2 not long after they met. CHS-2 informed RACHAL that he was a convicted felon and was prohibited from possessing firearms. RACHAL offered to sell him firearms anyway.

CHS-2 admitted that he purchased numerous firearms from RACHAL over the past year. CHS-2 stated that he acted as a “middle-man” for the majority of these transactions and brokered the deals for other individuals. CHS-2 stated that RACHAL had quit selling serialized weapons and was now selling PMFs because they were untraceable by law enforcement. CHS-2 admitted that the Bond Arms .45/410 caliber derringer and the PMF that GPD seized from him were both obtained from RACHAL.

CHS-2 said he quit dealing with RACHAL during the summer of 2021 because he wanted to stay out of trouble with law enforcement. After he quit purchasing firearms, RACHAL asked for CHS-2 to send some of his customers

to him so they could continue purchasing firearms. CHS-2 showed SA Newsome a text message from RACHAL to corroborate this information:



Hey are you coming to the store
today?

Wed, Jul 7, 1:16 PM

Hey I thought you were bringing
the deposit for the work at your
mom's house.

Wed, Aug 18, 9:03 AM

Hey since you are out of the
game, can you send someone
else to us, we need to move
some items.

Fri, Aug 20, 11:27 AM

Second Interview with Gregory Rachal

On December 14, 2021, ATF SA Hunter and Task Force Officer (“TFO”) Harvey conducted a follow up investigation on a Glock 9mm handgun which was recovered in Thomasville, NC on December 6, 2021. A trace of the firearm revealed that RACHAL originally purchased it on August 7, 2020.

SA Hunter and TFO Harvey went to POPS Tactical Supply to interview RACHAL about the recovery of this firearm. RACHAL invited the agents inside his office and voluntarily agreed to participate in the interview. RACHAL admitted that he began selling firearms in March of 2020. RACHAL admitted that the firearms he acquired were resold for profit. RACHAL said that he originally believed that what he was doing was not illegal because all of the firearms were in his name, not his company’s name.

RACHAL indicated that he had been warned by ATF in 2020 about selling firearms without first obtaining his FFL. RACHAL admitted that he had continued to sell a few firearms after this warning. RACHAL advised that he obtained his FFL application but never completed the process. RACHAL told SA Hunter and TFO Harvey that he sells Polymer80 kits which customers can purchase to build their own PMFs; however, he claimed that he did not sell completed firearms. RACHAL acknowledged that he was aware that PMFs are

sought after by criminals and those who cannot obtain firearms through legal markets.

During the interview, RACHAL repeatedly referred to a spreadsheet on his office computer. RACHAL advised that the spreadsheet was used to maintain a record of all of his firearm transactions. RACHAL agreed to provide this spreadsheet to SA Hunter. Further review of the spreadsheet revealed that RACHAL had kept detailed acquisition and disposition records for every firearm he had purchased and resold. The spreadsheet indicated that RACHAL had acquired over 200 serialized firearms between March 2020 and January 2021. RACHAL had documented how much he had invested in each firearm as well as how much he had sold the firearms for. Based upon RACHAL's own records, almost all of these firearms had been resold for profit. The records also reflected that RACHAL had sold approximately fourteen firearms following his initial warning on September 2, 2020.

SA Hunter warned RACHAL once again that not only had he been dealing firearms without a license for the majority of 2020, he had also committed a federal offense every time he indicated on a ATF Form 4473³ that he was the actual purchaser or transferee of a firearm when he was, in fact,

³ ATF Form 4473, Firearms Transaction Record, is required to be completed and certified anytime a Federal Firearms Licensee transfers a firearm to an unlicensed individual

purchasing the firearm to be resold. RACHAL indicated that he understood and advised that he was no longer selling any firearms.

Controlled Purchases of PMFs from Gregory Rachal

During the investigation, CHS-2 also identified William Thomas CAPPSS, also known as “Tommy,” as one of RACHAL’s employees. CHS-2 identified CAPPSS as the person who manufactured PMFs for RACHAL. CHS-2 had purchased both serialized firearms and PMFs from RACHAL in the past.

In July of 2022, CHS-2 advised that CAPPSS informed him that RACHAL had PMFs for sale at POPS Tactical Supply. In furtherance of the investigation, CHS-2 agreed to make controlled purchases of PMFs from RACHAL.

On August 3, 2022, CHS-2 made the first controlled purchase of a PMF from RACHAL. This transaction occurred at POPS Tactical Supply, 111 Pomona Dr., Suite B, in Greensboro and was audio and visually recorded. RACHAL sold CHS-2 a 9mm privately-made handgun with no serial number for \$515. The PMF was not on public display inside the business. RACHAL retrieved the PMF from a gun safe located in the back of the business. RACHAL provided CHS-2 with an itemized receipt for the purchase. RACHAL represented the PMF as three separate items on the receipt as follows: “*Glock*

43 Complete Upper, Polymer 80 PF9SS 80% Frame FDE, Glock 43 Lower Parts Kit.”

During the course of the transaction, RACHAL asked CHS-2 multiple times if he had ever been contacted by the police or the ATF. CHS-2 denied being contacted by law enforcement and insinuated that he would be in jail if law enforcement would have approached him. RACHAL also asked CHS-2 if he was still wearing an ankle monitor.

After selling the firearm, RACHAL told CHS-2 to talk to CAPPs and see if he was willing to manufacture additional PMFs. RACHAL indicated that he could provide CAPPs with the parts kits if he was willing to complete the firearms. Following the transaction, CHS-2 made a consensually recorded call to CAPPs, during which CAPPs agreed to manufacture additional PMFs.

On August 8, 2022, CHS-2 advised that CAPPs had instructed him to go purchase parts kits he wanted at POPS Tactical Supply and leave them at the store. CAPPs agreed to manufacture the PMFs and let CHS-2 know when they were ready to be picked up.

The next day, on August 9, 2022, CHS-2 conducted a controlled purchase of parts kits from RACHAL at POPS Tactical Supply. CHS-2 purchased all the parts necessary for CAPPs to manufacture two privately-made 9mm pistols. RACHAL charged CHS-2 \$1,100 for these parts. CAPPs was also present

during this transaction. RACHAL placed the parts kits in a box and showed CAPPs where they would be kept until he had time to complete them. On August 12, 2022, CHS-2 advised that CAPPs had called him and said the PMFs had been completed and were ready to be picked up from POPS Tactical Supply.

On August 15, 2022, CHS-2 picked up the two privately-made 9mm pistols from RACHAL during a controlled operation at POPS Tactical Supply. CAPPs was also present during the transaction. CHS-2 walked to the back room to speak with CAPPs and found him milling out another PMF while the transaction occurred. Neither of the PMFs purchased by CHS-2 had been serialized. RACHAL provided CHS-2 with another itemized receipt in which he separated the PMFs into individual parts.

On August 26, 2022, CHS-2 conducted another controlled purchase of PMFs from RACHAL at POPS Tactical Supply. During this transaction, RACHAL walked to the gun safe in the back room and retrieved a privately-made 9mm pistol to show CHS-2. When asked about purchasing a second PMF, RACHAL instructed CHS-2 to pick out an upper assembly that he liked from the display case. Once CHS-2 picked out a 9mm upper assembly, RACHAL walked back to the gun safe and retrieved a compatible frame to complete the pistol. CHS-2 purchased both pistols from RACHAL for \$1,095.

Neither of the privately-made 9mm pistols had been serialized. Prior to leaving the business, RACHAL told CHS-2 to let him know if he needed more PMFs. RACHAL advised that they had approximately ten PMFs completed and ready to be sold.

On September 29, 2022, CHS-2 conducted another controlled purchase of PMFs from RACHAL at POPS Tactical Supply. RACHAL informed CHS-2 that he only had one 9mm privately-made handgun ready for sale. RACHAL told CHS-2 that CAPPSS was currently working on another 9mm privately-made handgun which would be completed later in the day. CHS-2 agreed to purchase both PMFs for \$1,100. CAPPSS emerged from the rear of the business and provided CHS-2 with the completed PMF. CAPPSS indicated that he would complete the second PMF after he returned from his lunch break. CHS-2 left the business with the completed PMF and advised that he would return at a later date to pick up the second one after it was completed. The 9mm privately-made handgun purchased by CHS-2 during this operation had not been serialized.

On October 5, 2022, CHS-2 returned to POPS Tactical Supply in a controlled operation to pick up the completed PMF that he had already paid for. CHS-2 also inquired about purchasing any additional PMFs that RACHAL had available. RACHAL indicated that he only had one more 9mm privately-

made handgun ready for sale. CHS-2 agreed to purchase this PMF for \$550.

Neither of the 9mm PMFs purchased by CHS-2 had been serialized.

All of the above referenced controlled purchases were captured on video utilizing electronic surveillance equipment.

This the 2nd day February, 2023.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on February 2, 2023, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the following:

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Kasi Robinson, Esq.

Benjamin D. Porter. Esq.

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